# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:1394
ANSWERED ON:04.08.2006
INFRASTRUCTURE GROWTH
Veerendra Kumar Shri M.P.

**Will the Minister of FINANCE be pleased to state:**

(a) Whether the Economic Survey has pointed out a drop in infrastructure growth;

(b) If so, the actual drop noticed during the last three years;

(c) Whether the growth prospects depend directly on the rapid development of physical infrastructure; and

(d) If so, the steps taken/proposed to be taken for speedy provision of quality infrastructure in the country?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) Economic Survey, 2005-06 had pointed out that the overall index of six core industries, namely crude petroleum, petroleum refinery products, coal, electricity, cement and finished steel, having a direct bearing on infrastructure and accounting for 27 per cent weight in the Index of Industrial Production (IIP), in April-December, 2005, registered a growth of 4.5 per cent, which was lower than the 6.4 per cent registered during April-December, 2004.

(b) The rate of growth of the overall index of the six core industries during April-May, 2006-07 and the previous three years are as follows:

| Year | Rate of Growth (per cent) |
|---|---|
| 2006-07 (April-May) | 5.9 |
| 2005-06 (April-May) | 7.1 |
| 2005-06 | 5.1 |
| 2004-05 | 5.8 |
| 2003-04 | 6.1 |

(c) Economic growth depends on the resources available, including physical infrastructure, and their overall productivity. There is a positive association between economic growth and physical infrastructure.

(d) A Committee on Infrastructure under the chairmanship of the Prime Minister has been constituted to expedite and streamline infrastructure projects and reforms. The government has also set up a special purpose vehicle called India Infrastructure Finance Company Limited (IIFCL) for providing long term debt to infrastructure projects. There is also a scheme to provide viability gap funding to eligible projects taken up under public private partnership.